

CBO March 2003 Baseline: MEDICARE

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<i>By fiscal year</i>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
MEDICARE TOTALS:												
Mandatory Outlays (in billions of dollars) /1	\$253.7	\$272.9	\$287.2	\$306.4	\$319.1	\$342.7	\$366.0	\$392.5	\$420.9	\$455.1	\$481.9	\$523.6
Discretionary Outlays	3.2	3.8	3.9	4.1	4.2	4.4	4.6	4.8	5.0	5.3	5.5	5.9
Total Outlays	256.8	276.7	291.2	310.5	323.3	347.1	370.6	397.3	425.9	460.3	487.4	529.5
Total Premium Receipts	-26.0	-28.3	-31.6	-34.4	-37.1	-40.0	-43.1	-46.5	-50.4	-54.6	-59.1	-64.4
Net Outlays (Total Outlays - Receipts)	230.9	248.4	259.6	276.1	286.2	307.1	327.5	350.8	375.5	405.7	428.3	465.1
Net Outlays (Mandatory Outlays - Receipts) /2	227.7	244.6	255.7	272.1	282.0	302.7	322.9	346.0	370.5	400.5	422.7	459.2
COMPONENTS OF MANDATORY OUTLAYS:												
Benefits (in billions of dollars)												
Part A	\$145.3	\$151.4	\$159.8	\$169.7	\$176.3	\$188.9	\$200.9	\$214.1	\$228.1	\$244.9	\$257.7	\$278.3
Part B	<u>106.9</u>	<u>120.0</u>	<u>125.8</u>	<u>135.3</u>	<u>141.3</u>	<u>152.3</u>	<u>163.6</u>	<u>176.8</u>	<u>191.2</u>	<u>208.7</u>	<u>222.5</u>	<u>243.7</u>
Total	252.2	271.3	285.7	305.0	317.6	341.2	364.6	390.9	419.4	453.6	480.2	522.0
Administration /3	1.5	1.6	1.6	1.4	1.6	1.5	1.5	1.6	1.5	1.5	1.7	1.6
Total Mandatory Outlays	253.7	272.9	287.2	306.4	319.1	342.7	366.0	392.5	420.9	455.1	481.9	523.6
Annual Growth Rates:												
Mandatory Outlays	6.7%	7.6%	5.2%	6.7%	4.1%	7.4%	6.8%	7.2%	7.2%	8.1%	5.9%	8.7%
Discretionary Outlays	<u>-5.0%</u>	<u>20.3%</u>	<u>3.4%</u>	<u>3.5%</u>	<u>3.6%</u>	<u>4.0%</u>	<u>4.6%</u>	<u>4.7%</u>	<u>4.6%</u>	<u>4.8%</u>	<u>5.4%</u>	<u>5.8%</u>
Total Outlays	6.5%	7.7%	5.2%	6.6%	4.1%	7.4%	6.8%	7.2%	7.2%	8.1%	5.9%	8.6%
Total Premium Receipts	9.4%	8.9%	11.7%	8.8%	7.9%	7.8%	7.7%	8.1%	8.3%	8.3%	8.3%	8.8%
Net Outlays (Total Outlays - Receipts)	6.2%	7.6%	4.5%	6.4%	3.7%	7.3%	6.6%	7.1%	7.1%	8.0%	5.6%	8.6%
Net Mandatory Outlays (Mandatory Outlays - Receipts)	6.3%	7.4%	4.5%	6.4%	3.7%	7.3%	6.7%	7.1%	7.1%	8.1%	5.6%	8.6%
Memorandum:												
Number of Capitation Payments /4	11	12	12	13	11	12	12	12	12	13	11	12
Mandatory Outlays, adjusted to reflect 12 capitation payments each year	\$256.9	\$272.9	\$287.2	\$303.4	\$322.1	\$342.7	\$366.0	\$392.5	\$420.9	\$451.5	\$485.4	\$523.6
Annual growth rate:	9.5%	6.2%	5.2%	5.6%	6.2%	6.4%	6.8%	7.2%	7.2%	7.3%	7.5%	7.9%

- Notes:**
- 1/ Average annual rate of growth of mandatory outlays from fiscal year 2003 through 2013 is 6.7 percent.
 - 2/ Average annual rate of growth of net mandatory outlays from fiscal year 2003 through 2013 is 6.5 percent.
 - 3/ Mandatory outlays for administration support quality improvement organizations, certain activities against fraud and abuse, and grants to states for premium assistance.
 - 4/ In general, capitation payments to group plans for the month of October are accelerated into the preceding fiscal year when October 1st falls on a weekend, except the Balanced Budget Act of 1997 accelerated the October 2001 payment (fiscal year 2002) into September 2001 and requires that the October payment in 2006 will be made on October 2 instead of September 29.

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By fiscal year

COMPONENTS OF BENEFITS PAYMENTS:

Part A: Hospital Insurance (HI):

Hospital Inpatient Care (in billions of dollars)	\$102.5	\$110.9	\$115.3	\$122.2	\$129.8	\$138.1	\$146.8	\$156.3	\$166.1	\$176.7	\$188.2	\$201.6
Skilled Nursing Facilities (Part A only)	14.3	13.6	14.4	14.3	15.2	16.5	17.7	19.1	20.4	21.9	23.4	25.1
Hospice	4.5	5.2	5.8	6.4	7.1	7.7	8.3	8.9	9.6	10.2	11.0	11.8
Home Health Transfer	1.2	-2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Part B: Supplementary Medical Insurance (SMI):

Physician Fee Schedule	44.2	48.2	50.7	52.8	55.0	57.1	59.9	63.8	68.4	73.5	78.9	84.8
Other Professional & Outpatient Ancillary Services /1	19.2	22.5	24.9	27.0	29.7	33.0	36.3	39.9	43.7	47.7	52.3	57.6
Other Facilities /2	12.4	12.8	13.5	14.5	15.6	16.8	18.0	19.4	20.8	22.3	24.1	26.1
Hospital Outpatient PPS Services	11.3	12.6	13.8	15.4	17.6	19.8	22.0	24.3	26.7	29.4	32.1	35.3
Home Health Transfer	-1.2	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Parts A & B:

Group Plans	33.8	35.9	36.3	39.3	33.1	35.8	36.8	38.1	40.0	45.5	40.8	46.9
Home Health Agencies	10.0	9.8	11.0	12.9	14.5	16.5	18.8	21.1	23.7	26.4	29.5	32.9
Total, Medicare Benefits	252.2	271.3	285.7	305.0	317.6	341.2	364.6	390.9	419.4	453.6	480.2	522.0
Memo: Medicare Benefits adjusted to include 12 capitation payments each year	255.4	271.3	285.7	302.0	320.6	341.2	364.6	390.9	419.4	450.1	483.8	522.0

Annual Growth Rates:

Hospital Inpatient Care	10.2%	8.1%	4.0%	5.9%	6.2%	6.5%	6.2%	6.5%	6.3%	6.4%	6.5%	7.1%
Skilled Nursing Facilities (Part A only)	15.8%	-5.0%	5.8%	-0.2%	6.3%	8.1%	7.6%	7.6%	7.2%	6.9%	7.1%	7.3%
Hospice	31.9%	15.5%	11.7%	10.5%	9.5%	8.8%	8.0%	7.5%	7.3%	7.1%	7.1%	7.2%
Physician Fee Schedule	8.8%	9.1%	5.3%	4.2%	4.0%	3.8%	4.9%	6.6%	7.1%	7.4%	7.5%	7.5%
Other Professional & Outpatient Ancillary Services /1	21.5%	17.0%	10.7%	8.6%	10.0%	10.8%	10.2%	9.8%	9.4%	9.3%	9.6%	10.1%
Other Facilities /2	6.8%	3.7%	5.4%	7.4%	7.5%	7.4%	7.4%	7.5%	7.4%	7.4%	7.8%	8.5%
Hospital Outpatient PPS Services	17.7%	11.3%	9.3%	12.2%	13.8%	12.5%	11.3%	10.7%	9.9%	10.0%	9.1%	10.0%
Group Plans	-19.7%	6.1%	1.1%	8.4%	-15.8%	8.3%	2.8%	3.5%	4.9%	13.6%	-10.2%	14.8%
Home Health Agencies	9.3%	-2.3%	12.5%	17.7%	12.6%	13.8%	13.3%	12.5%	12.1%	11.7%	11.4%	11.8%
Total, Medicare Benefits	6.1%	7.6%	5.3%	6.8%	4.1%	7.4%	6.8%	7.2%	7.3%	8.2%	5.9%	8.7%
Memo: Medicare Benefits adjusted to include 12 capitation payments each year	8.9%	6.2%	5.3%	5.7%	6.2%	6.4%	6.8%	7.2%	7.3%	7.3%	7.5%	7.9%

Notes:

- 1/ Includes durable medical equipment, independent and physician in-office laboratory services, ambulance services, and other services paid by carriers.
- 2/ Includes hospital outpatient non-PPS services, laboratory services in hospital outpatient departments, rural health clinic services, outpatient dialysis, and other services paid by fiscal intermediaries. Also includes payments to skilled nursing facilities for services covered under Part B.

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STATUS OF HOSPITAL INSURANCE TRUST FUND:												
HI Trust Fund Income (billions of dollars)												
Receipts (mostly payroll taxes)	\$166.0	\$164.8	\$173.2	\$182.9	\$193.1	\$203.8	\$215.2	\$227.3	\$240.1	\$253.5	\$267.4	\$281.7
Interest	<u>13.7</u>	<u>15.4</u>	<u>16.4</u>	<u>17.8</u>	<u>19.3</u>	<u>21.3</u>	<u>23.2</u>	<u>25.2</u>	<u>27.2</u>	<u>29.3</u>	<u>31.2</u>	<u>33.4</u>
Total Income	179.7	180.2	189.6	200.7	212.4	225.1	238.4	252.5	267.3	282.8	298.6	315.1
HI Trust Fund Outlays	148.0	154.4	162.9	172.7	179.5	192.1	204.2	217.6	231.7	248.5	261.6	282.2
HI Trust Fund Surplus (income minus outlays)	31.7	25.8	26.7	28.0	32.9	33.0	34.3	34.9	35.7	34.4	37.1	32.9
HI Trust Fund Balance (end of year)	229.1	254.9	281.6	309.7	342.6	375.6	409.8	444.7	480.4	514.7	551.8	584.7
COMPONENTS OF HOSPITAL INPATIENT PAYMENTS:												
Non-PPS Hospitals and Units of Hospitals	\$10.8	\$11.5	\$12.1	\$12.8	\$13.7	\$14.6	\$15.5	\$16.5	\$17.5	\$18.6	\$19.8	\$21.2
PPS Hospitals	91.1	98.5	102.6	108.6	115.3	122.8	130.5	138.9	147.7	157.1	167.3	179.2
Inpatient Capital /1	7.1	7.6	8.0	8.4	8.7	9.0	9.4	9.7	10.1	10.5	10.9	11.4
Disproportionate Share /2	5.8	6.3	6.5	6.9	7.3	7.8	8.3	8.9	9.5	10.1	10.8	11.6
Indirect Medical Education /2,3	5.6	6.1	6.3	6.7	7.1	7.6	8.1	8.7	9.2	9.8	10.5	11.3
Graduate Medical Education /1,3	2.1	2.2	2.2	2.3	2.3	2.4	2.5	2.5	2.6	2.7	2.7	2.8
PAYMENT UPDATES:												
Part A: (fiscal year)												
PPS Market Basket Increase	3.3%	3.5%	2.7%	3.2%	3.3%	3.4%	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%
PPS Update Factor	2.8%	3.0%	2.7%	3.2%	3.3%	3.4%	3.4%	3.5%	3.5%	3.5%	3.5%	3.5%
Part B: (calendar year)												
Physician Medicare Economic Index (MEI) percentage change	2.6%	3.0%	2.3%	2.3%	2.3%	2.3%	2.3%	2.4%	2.4%	2.4%	2.4%	2.3%
CPI-U	1.6%	2.3%	2.2%	2.4%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Notes:

1/ Included in Payments to Non-PPS Hospitals and Units of Hospitals and in Payments to PPS Hospitals.

2/ Included in Payments to PPS Hospitals. These payments include adjustments to both operating and capital-related prospective payments.

3/ Includes subsidies for medical education that are paid to hospitals that treat patients enrolled in Medicare+Choice plans.

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BENEFICIARY COST SHARING:												
Deductible (calendar year, in dollars)												
Part A (per hospital admission)	\$812	\$840	\$868	\$900	\$932	\$968	\$1,008	\$1,048	\$1,092	\$1,136	\$1,180	\$1,228
Part B (per year)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Monthly Premium (calendar year, in dollars)												
Part A (for voluntary enrollees) /1	\$319	\$316	\$338	\$351	\$367	\$383	\$401	\$420	\$441	\$463	\$474	\$489
Part B	\$54.00	\$58.70	\$65.10	\$69.70	\$74.30	\$78.70	\$83.30	\$88.50	\$94.20	\$100.00	\$105.50	\$111.80
Premium Receipts (fiscal year, in billions of dollars)												
Part A	-\$1.5	-\$1.5	-\$1.6	-\$1.7	-\$1.7	-\$1.8	-\$1.9	-\$2.0	-\$2.1	-\$2.2	-\$2.3	-\$2.4
Part B	-\$24.4	-\$26.8	-\$30.0	-\$32.7	-\$35.3	-\$38.2	-\$41.1	-\$44.5	-\$48.3	-\$52.3	-\$56.8	-\$61.9
Federal Share of Premiums Paid by Medicaid (fiscal year, in billions)												
Part A	\$0.8	\$0.9	\$0.9	\$1.0	\$1.0	\$1.1	\$1.2	\$1.2	\$1.3	\$1.4	\$1.5	\$1.6
Part B	<u>2.1</u>	<u>2.3</u>	<u>2.6</u>	<u>2.8</u>	<u>3.1</u>	<u>3.4</u>	<u>3.6</u>	<u>3.9</u>	<u>4.3</u>	<u>4.6</u>	<u>5.0</u>	<u>5.5</u>
Total	2.9	3.2	3.5	3.8	4.1	4.5	4.8	5.2	5.6	6.0	6.5	7.1
ENROLLMENT:												
Part A (fiscal year, in millions)	39.8	40.3	40.8	41.4	42.0	42.6	43.4	44.3	45.2	46.1	47.3	48.7
Part B	37.6	38.3	38.7	39.2	39.8	40.4	41.2	42.0	42.8	43.7	44.9	46.2
Part A Fee-for-Service Enrollment	34.2	35.0	35.7	36.6	37.6	38.5	39.4	40.3	41.2	42.1	43.3	44.7
Group Plan Enrollment /2	5.6	5.3	5.2	4.8	4.4	4.1	4.1	4.0	4.0	4.0	4.0	4.1
Memo: Medicare+Choice Enrollment	5.1	4.7	4.6	4.4	4.2	4.0	3.9	3.8	3.8	3.8	3.9	3.9
Share of Medicare Part A Enrollment:												
Fee-for-Service	86.0%	86.9%	87.3%	88.5%	89.6%	90.3%	90.7%	91.0%	91.2%	91.4%	91.4%	91.7%
Group Plans /2	14.0%	13.1%	12.7%	11.5%	10.4%	9.7%	9.3%	9.0%	8.8%	8.6%	8.6%	8.3%
Growth in Enrollment:												
Total Medicare Enrollment (Part A)	0.9%	1.1%	1.4%	1.4%	1.4%	1.6%	1.9%	2.0%	1.9%	2.1%	2.7%	2.9%
Fee-for-Service (Part A)	3.0%	2.2%	1.9%	2.7%	2.6%	2.5%	2.3%	2.4%	2.1%	2.3%	2.8%	3.2%
Group plans (Part A)	-10.4%	-5.3%	-2.1%	-8.0%	-8.0%	-5.7%	-1.8%	-1.8%	0.1%	-0.3%	1.8%	0.1%

Notes:

- 1/ Persons 65 and older are entitled to Part A coverage (they do not pay a monthly Part A premium) if they are eligible for Social Security or Railroad Retirement monthly cash benefits. Persons 65 and older who are not entitled may obtain Part A coverage by paying a monthly premium equal to the full actuarial cost of that coverage.
- 2/ Includes Medicare+Choice, cost contracts, and demonstration contracts covering Medicare Parts A and B. Does not include Health Care Prepayment Plans (HCPPs), which cover Part B services only.